
31 October 2018

QUARTERLY ACTIVITIES REPORT

For the period ended 30th September 2018

About Crater Gold Mining Limited

(ASX CODE: CGN)

Crater Gold Mining Limited ("Crater Gold" or the "Company") is focussed on the exploration of its highly prospective Crater Mountain Gold Project in Papua New Guinea (PNG), which includes two gold resources and evidence of potential copper-gold porphyry mineralisation. The Company is also exploring at the A2 Polymetallic and Golden Gate Graphite projects at Croydon in Queensland, Australia

Crater Gold Mining Limited

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Russ Parker
Managing Director

Key Points

HGZ Gold mining project, PNG

- **Mining from 1960 RL to provide test ore for processing plant**
- **1930m RL development work**
- **Sampling program commenced at the HGZ**
- **SAW prospect sampling program commenced**

Post end of quarter

- **1930m RL adit development at HGZ completed**
- **Multiple N-S, E-W and cross cutting veins identified along 1930m RL adit**
- **Visible gold noted in 1930m RL veins, with mineralisation widening with depth**
- **New adits at 1950m RL and below 1930m RL planned to increase gold production**
- **Processing plant being upgraded with further investment in machinery to accommodate increasing the plant throughput rate by 100%**
- **Widespread gold mineralisation obtained from trench sampling at the SAW prospect**

DEVELOPMENTS DURING THE QUARTER

Crater Mountain Gold project, PNG

HGZ Gold Mine:

The Company commenced some small scale gold mining from the 1960 level to provide ore for test running of the processing plant before processing 1930 level ore. As a result of this, an order was placed for a new concentrator to improve the processing plant efficiency.

The Company tested for extensions of gold mineralisation close to the mining area at the HGZ Project and completed a sampling program above the HGZ area. Benches totalling 173.5m were developed and sampled with 11 short horizontal trenches dug at increasing elevations of 5m intervals from 1960mRL. A total of 99 combined rock float + rock chip samples were collected for gold fire assay testing. Results will be announced when received.

The Company re-commenced exploration at the South Artisanal Works Prospect (SAW) located approximately 430m southwest of the HGZ project. A total of three (3) trenches were excavated at 1951.9mRL, 1930mRL and 1910mRL for a total of 129.5m. Detailed mapping was undertaken with 122 combined rock float + rock chip samples collected for fire assay testing. Surveying and mapping of three (3) creeks for a total distance of 365.7m was also undertaken with a total of 30 rock chip samples collected for gold fire assay testing.

The Company has been developing planning for a drilling programme to further explore the Mixing Zone Project as well as further prove the HGZ to depth. Plans will be announced in the near future.

POST END OF QUARTER

- **1930m RL adit development at HGZ completed**
- **Multiple N-S, E-W and cross cutting veins identified along 1930m RL adit**
- **Visible gold noted in 1930m RL veins, with mineralisation widening with depth**
- **New adits at 1950m RL and below 1930m RL planned to increase gold production**
- **Processing plant being upgraded with further investment in machinery to accommodate increasing the plant throughput rate by 100%**
- **Widespread gold mineralisation obtained from trench sampling at the SAW Prospect 1930m RL Adit Development**

Post the end of the quarter the Company announced that the 1930m RL adit development, which commences at 1930m RL and ramps up to 1935m RL where it reaches the mineralised veins, was completed. Steeply dipping extensions of the JL, JL01 and JL02 N-S orientated veins were encountered and mining of them has commenced. Extensions of veins NV01, NV02, N03 and LNK01 were also been identified and encouragingly their defining structures have been noted to be progressively widening with depth from the 1960m level to the 1930m level. Similarly, numerous east west structures were also identified.

The geology observed reflects similarities to the 1960m level development and has firmed up confidence in mining out the structures identified at the 1930m level and developing them upwards to the 1960m level. Detailed geological mapping has established that the N-S structures are developed within a strongly to moderately brecciated unit that hosts mineralized vuggy quartz veins associated with distinctive clay-manganese-hematite-jarosite-kaolinite-illite alteration. Sampling has commenced on E-W and N-S structures identified along the walls of the 1930m adit.

The alteration has provided a vital aid in vectoring into mineralised zones. This will greatly assist in tracing the extent of the mineralised zones further to the east, west and north.

As previously announced (refer ASX release of 14 November, 2016: Maiden JORC Gold Resource at HGZ Project) historical drilling indicates that gold mineralisation extends to at least the 1890 level and an inferred gold resource of 44,500 tonnes at 11.9 g/t Au for 17,100 ounces of gold (cut-off of 5 g/t Au) has been estimated by Mining Associates for that zone. It is encouraging to note that many of the

mineralised N-S and E-W structures encountered in the adit developments are not contained within this initial resource zone estimate.

Future Planned Gold Production at the HGZ Project

Gold output is expected to re-commence in November and is anticipated to increase monthly into 2019. To achieve this, another sub-level at 1950m RL is planned, together with new levels below 1930m RL. This will allow production from a number of main vein locations at any one time and also provide access to additional zones of narrow cross cutting veins.

Upgrading of the processing plant to accommodate increased production is in progress. Further investment has been made in machinery aimed at improving the efficiency of mining and increasing the plant throughput rate by 100 % while also increasing the gold recovery rate by up to 10%. The equipment is currently at Customs awaiting clearance.

Gold sales are expected to re-commence during the quarter.



Figure 1- 1930 Adit level development

Logistics

The road between the Crater Mountain Camp and the nearby Guasa Airstrip will be upgraded towards the end of the year. This will allow vehicular access to transport mining consumables and other necessary cargo to site. Helicopter transport of these items between Guasa and the Mine Site would then be no longer required which would reduce logistical costs significantly.

South artisanal workings (SAW) prospect

The SAW Prospect is located 430m southwest of HGZ and straddles Mining Lease ML510 and Exploration Licence EL1115. Assay results were received for 152 rock samples consisting of 122 channel samples collected from three contour trenches excavated to investigate an area of previous artisanal drives and 30 rock chip samples collected from creeks in the vicinity.

Results have revealed widespread gold mineralisation in the trenches excavated over the artisanal workings and anomalous high values from exposed bedrock along the creeks. Considering the thick tephra cover which masks much of the area, the results are considered to be encouraging. Fifty (50) samples returned gold values in the range 0.1-0.5 g/t Au, 3 samples returned values in the range of 0.5-1.0g/t Au and 8 samples returned values >1.0 g/t Au, with a high of 15.6 g/t Au. Refer to Figures and 3 and the summary of sample numbers, localities and gold assay values

The mineralisation is hosted by E-W and N-S structures which may be plays from regional structures. The occurrence bears similarities to the HGZ Project area and could be an extension of the latter or another independent high grade gold zone.

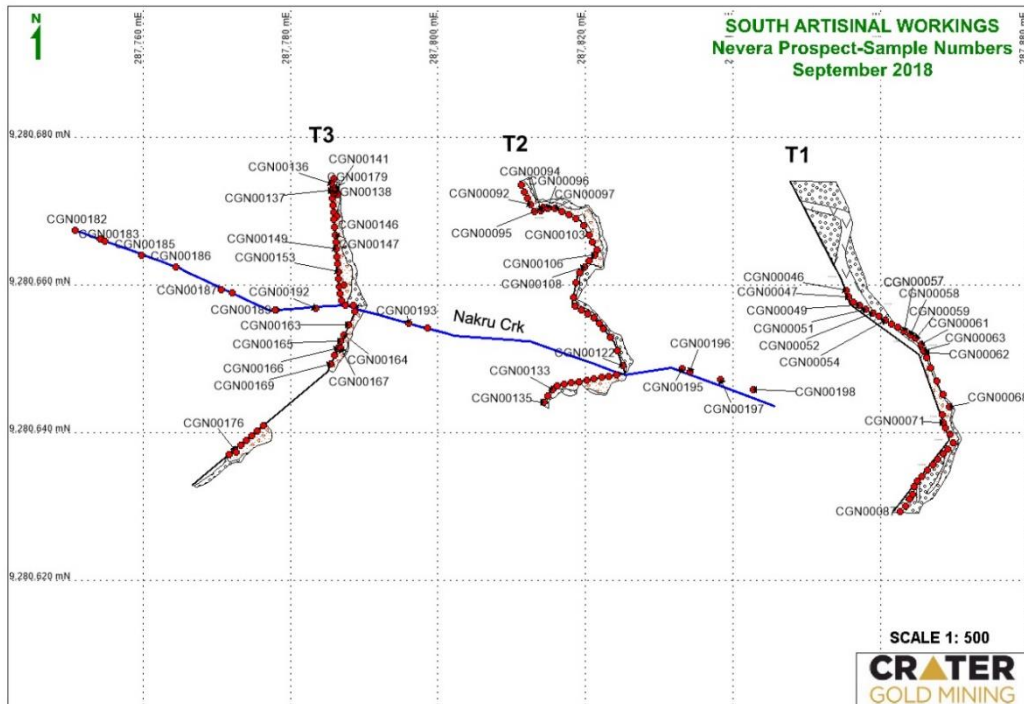
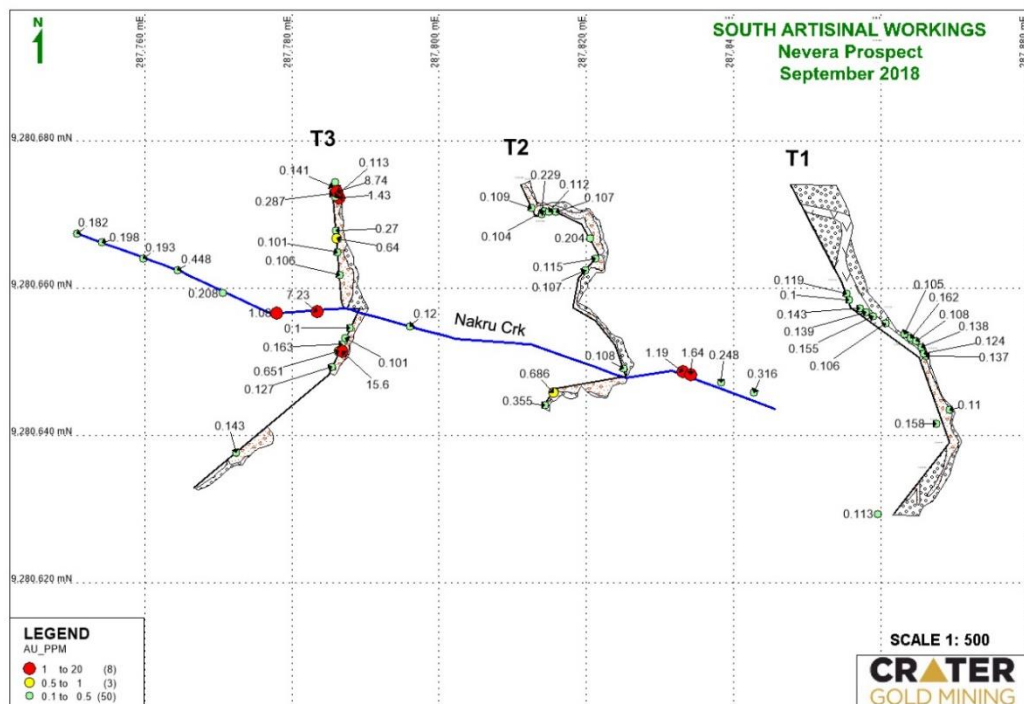


Figure 2: Sample Locations SAW workings area – Trench Samples, T1, T2 and T3



Figures 3: Gold Assay Results SAW workings area – Trench samples T1, T2, T3

TRENCH SAMPLE NUMBERS, GRID LOCATIONS AND GOLD ASSAY RESULTS

Sample ID	LOCATION	AU_1 PPM	E_WGS 84	N_WGS 85	RL	Sample ID	LOCATION	AU_1 PPM	E_WGS 84	N_WGS 85	RL
CGN00046	T1	0.119	287855	9280659	1950	CGN00111	T2	0.058	287819	9280660	1910
CGN00047	T1	0.100	287856	9280658	1950	CGN00112	T2	0.055	287818	9280658	1910
CGN00048	T1	0.095	287856	9280658	1950	CGN00113	T2	0.059	287819	9280657	1910
CGN00049	T1	0.143	287857	9280657	1950	CGN00114	T2	0.064	287819	9280657	1910
CGN00051	T1	0.139	287858	9280657	1950	CGN00115	T2	0.063	287820	9280656	1910
CGN00052	T1	0.155	287859	9280656	1950	CGN00116	T2	0.086	287821	9280656	1910
CGN00053	T1	0.047	287860	9280656	1950	CGN00117	T2	0.082	287822	9280655	1910
CGN00054	T1	0.106	287861	9280655	1950	CGN00118	T2	0.069	287822	9280654	1910
CGN00055	T1	0.060	287861	9280655	1950	CGN00119	T2	0.090	287823	9280653	1910
CGN00056	T1	0.088	287862	9280654	1950	CGN00121	T2	0.067	287824	9280651	1910
CGN00057	T1	0.105	287863	9280654	1950	CGN00122	T2	0.108	287825	9280649	1910
CGN00058	T1	0.162	287864	9280653	1950	CGN00123	T2	0.072	287824	9280648	1910
CGN00059	T1	0.108	287865	9280653	1950	CGN00124	T2	0.066	287823	9280648	1910
CGN00061	T1	0.138	287865	9280652	1950	CGN00125	T2	0.058	287822	9280647	1910
CGN00062	T1	0.137	287866	9280651	1950	CGN00126	T2	0.068	287821	9280647	1910
CGN00063	T1	0.124	287866	9280651	1950	CGN00127	T2	0.065	287820	9280647	1910
CGN00064	T1	0.097	287866	9280650	1950	CGN00128	T2	0.048	287819	9280647	1910
CGN00065	T1	0.052	287867	9280649	1950	CGN00129	T2	0.034	287818	9280647	1910
CGN00066	T1	0.030	287868	9280647	1950	CGN00131	T2	0.057	287817	9280647	1910
CGN00067	T1	0.029	287868	9280645	1950	CGN00132	T2	0.044	287816	9280646	1910
CGN00068	T1	0.110	287869	9280643	1950	CGN00133	T2	0.686	287815	9280646	1910
CGN00069	T1	0.098	287868	9280642	1950	CGN00134	T2	0.088	287815	9280645	1910
CGN00071	T1	0.158	287868	9280642	1950	CGN00135	T2	0.355	287814	9280644	1910
CGN00072	T1	0.071	287867	9280641	1950	CGN00136	T3	0.141	287786	9280674	1880
CGN00073	T1	0.055	287867	9280641	1950	CGN00137	T3	0.287	287786	9280674	1880
CGN00074	T1	0.051	287866	9280640	1950	CGN00138	T3	1.430	287786	9280673	1880
CGN00075	T1	0.030	287865	9280639	1950	CGN00139	T3	0.069	287786	9280672	1880
CGN00076	T1	0.024	287865	9280639	1950	CGN00141	T3	0.113	287786	9280672	1880
CGN00077	T1	0.050	287864	9280638	1950	CGN00142	T3	0.055	287786	9280673	1880
CGN00078	T1	0.074	287863	9280637	1950	CGN00143	T3	0.080	287786	9280672	1880
CGN00079	T1	0.037	287863	9280636	1950	CGN00144	T3	0.069	287786	9280671	1880
CGN00081	T1	0.020	287862	9280636	1950	CGN00145	T3	0.085	287786	9280670	1880
CGN00082	T1	0.058	287861	9280635	1950	CGN00146	T3	0.270	287786	9280669	1880
CGN00083	T1	0.052	287861	9280634	1950	CGN00147	T3	0.640	287786	9280669	1880
CGN00084	T1	0.051	287861	9280633	1950	CGN00148	T3	0.052	287786	9280668	1880
CGN00085	T1	0.067	287860	9280632	1950	CGN00149	T3	0.101	287786	9280667	1880
CGN00086	T1	0.018	287860	9280631	1950	CGN00151	T3	0.060	287786	9280666	1880
CGN00087	T1	0.113	287860	9280629	1950	CGN00152	T3	0.047	287786	9280665	1880
CGN00088	T2	0.057	287811	9280674	1910	CGN00153	T3	0.106	287786	9280664	1880
CGN00089	T2	0.056	287812	9280673	1910	CGN00154	T3	0.063	287786	9280663	1880
CGN00091	T2	0.080	287812	9280672	1910	CGN00155	T3	0.067	287786	9280662	1880
CGN00092	T2	0.109	287813	9280671	1910	CGN00156	T3	0.050	287787	9280661	1880
CGN00093	T2	0.075	287813	9280670	1910	CGN00157	T3	0.056	287787	9280660	1880
CGN00094	T2	0.229	287814	9280671	1910	CGN00158	T3	0.051	287787	9280660	1880
CGN00095	T2	0.104	287814	9280670	1910	CGN00159	T3	0.092	287787	9280659	1880
CGN00096	T2	0.112	287815	9280670	1910	CGN00161	T3	0.070	287787	9280658	1880
CGN00097	T2	0.107	287816	9280670	1910	CGN00162	T3	0.061	287787	9280657	1880
CGN00098	T2	0.075	287817	9280670	1910	CGN00163	T3	0.100	287788	9280657	1880
CGN00099	T2	0.073	287818	9280669	1910	CGN00164	T3	0.101	287789	9280656	1880
CGN00101	T2	0.022	287819	9280669	1910	CGN00165	T3	0.163	287788	9280655	1880
CGN00102	T2	0.096	287820	9280668	1910	CGN00166	T3	0.651	287787	9280653	1880
CGN00103	T2	0.204	287820	9280667	1910	CGN00167	T3	15.600	287787	9280652	1880
CGN00104	T2	0.092	287821	9280666	1910	CGN00168	T3	0.091	287786	9280651	1880
CGN00105	T2	0.068	287822	9280665	1910	CGN00169	T3	0.127	287787	9280651	1880
CGN00106	T2	0.115	287821	9280664	1910	CGN00171	T3	0.027	287786	9280650	1880
CGN00107	T2	0.063	287821	9280663	1910	CGN00172	T3	0.061	287785	9280649	1880
CGN00108	T2	0.107	287820	9280662	1910	CGN00173	T3	0.070	287776	9280641	1880
CGN00109	T2	0.018	287819	9280662	1910	CGN00174	T3	0.074	287776	9280640	1880

Sample ID	LOCATION	AU_1 PPM	E_WGS 84	N_WGS 85	RL
CGN00175	T3	0.042	287775	9280640	1880
CGN00176	T3	0.143	287774	9280639	1880
CGN00177	T3	0.077	287773	9280638	1880
CGN00178	T3	0.038	287772	9280638	1880
CGN00179	T3	8.740	287772	9280637	1880
CGN00181	T3	0.140	287773	9280637	1880
CGN00182	Nulku Crk	0.182	287751	9280667	1850
CGN00183	Nulku Crk	0.198	287754	9280666	1855
CGN00184	Nulku Crk	0.049	287755	9280666	1855
CGN00185	Nulku Crk	0.193	287760	9280664	1865
CGN00186	Nulku Crk	0.448	287764	9280662	1870
CGN00187	Nulku Crk	0.208	287771	9280659	1872
CGN00188	Nulku Crk	0.060	287772	9280659	1880
CGN00189	Nulku Crk	1.080	287778	9280657	1880
CGN00191	Nulku Crk	0.286	287778	9280657	1885
CGN00192	Nulku Crk	7.230	287783	9280657	1886
CGN00193	Nulku Crk	0.120	287796	9280655	1890
CGN00194	Nulku Crk	0.060	287799	9280654	1900
CGN00195	Nulku Crk	1.190	287833	9280649	1915
CGN00196	Nulku Crk	1.640	287834	9280648	1925
CGN00197	Nulku Crk	0.248	287838	9280647	1930
CGN00198	Nulku Crk	0.316	287843	9280646	1935
CGN00199	Mua Crk	0.025	287855	9280587	1944
CGN00201	Mua Crk	0.012	287868	9280594	1946
CGN00202	Mua Crk	0.082	287867	9280599	1946
CGN00203	Mua Crk	0.100	287877	9280593	1948
CGN00204	Mua Crk	0.071	287886	9280595	1952
CGN00205	Mua Crk	0.072	287888	9280587	1951
CGN00206	Mua Crk	0.040	287884	9280582	1952
CGN00207	Mua Crk	0.207	287903	9280592	1962
CGN00208	Mua Crk	0.028	287907	9280599	1964
CGN00209	Mua Crk	0.107	287965	9280573	1977
CGN00211	Mua Crk	0.077	2878852	9280574	1954
CGN00212	Mua Crk	0.043	287902	9280572	1962
CGN00213	Mua Crk	2.200	287925	9280564	1995
CGN00214	Mua Crk	0.104	287994	9280512	2040

CORPORATE:

Conversion of \$12.0 million of debt into Non-Voting Redeemable Convertible Preference Shares

The Company announced a proposal for the conversion of \$12.0 million of debt due to Freefire Technology Limited (“Freefire”) (a company associated with the CGN’s Chairman, Mr Sam Chan) into 12.0 million non – voting redeemable convertible preference shares issued at \$1.00 each. The shares will not be listed.

The creation of the redeemable convertible preference shares will require shareholder approval by the passing of a special resolution and their issue must then be approved by ordinary resolution

\$A1.5m Loan Facility with Freefire

- Loan replaces the \$4M facility announced on November 20th 2017, under which \$3.4M had been drawn.
- The new \$1.5M loan provided funding to allow completion of the development of the 1930 RL adit

The Company announced that it executed a new loan agreement for \$1.5M. The funding is to be provided by way of an unsecured loan facility from Company's major shareholder, Freefire. The funding is available at the option of the Company. Key terms of the loan facility include an interest rate of 8% p.a. with the repayment of the facility to occur in full after the next equity raising. The facility will be unsecured.

Change of address

The Company advised that its Registered Office address and Principal Place of Business address changed to:

Level 2
22 Mount St
PERTH WA 6000

Its postal address also changed to:

PO Box 7054
Cloisters Square Perth WA 6850

The changes became effective from the 15 August 2018

Post end of quarter:

\$A0.750m Loan Facility with Freefire

On October 30th the Company announced that it has executed a new loan agreement for \$0.75M. with Freefire. The funding is available at the option of the Company.

The Company plans to use the funds to complete the purchase of some additional mining equipment which will increase productivity at the High Grade Zone ("HGZ") at the Crater Mountain Project in Papua New Guinea. The loan will also provide working capital to continue mining operations.

Key terms of the loan facility include an interest rate of 8% p.a. with the repayment of the facility to occur one year after the date of the initial draw down on the facility. Subject to the prior consent of ICBC Bank, a current lender to the Company, the loan will be senior secured.

Competent Persons Statement

The information contained in this report relating to exploration activities at the Crater Mountain Gold Project is based on and fairly represents information and supporting documentation prepared by appropriately qualified company personnel and reviewed by Ken Chapple, who is an Associate Member of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Chapple has sufficient experience relevant to the style of mineralisation and type of deposit involved to qualify as a Competent Person as defined in the 2012 JORC Code. Mr Chapple is an independent principal geological consultant with KCICD Pty Ltd and consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information contained in this report that relates to Exploration Results at the Golden Gate Graphite and the A2 Polymetallic Projects near Croydon, Queensland, is based on information compiled by Ken Chapple, or prepared by appropriately qualified external technical experts and reviewed by him. Mr Chapple is an Associate Member of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Chapple has been assisting the Company as a technical consultant relating to his areas of expertise. Mr Chapple has sufficient experience relevant to the style of mineralisation and type of deposit involved to qualify as a Competent Person as defined in the 2012 JORC Code. Mr Chapple is an independent principal geological consultant with KCICD Pty Ltd and consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

Forward Looking Statements

This Announcement may contain forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risk factors associated with the Company's business, many of which are beyond the control of the Company. It is believed that the expectations reflected in these statements are reasonable at the time made but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially from those expressed or implied in such statements. You should therefore not place undue reliance on forward-looking statements.

Schedule of Crater Gold Mining Limited tenements:

Particulars	Project Name	Registered Holder	% Owned	Status	Expiry	Area (Km ²)
EPM 8795	Croydon	CGN	100	Renewal Lodged	6/09/2018	9.6
EPM 13775	Wallabadah	CGN	100	Granted	5/03/2020	16
EPM 16002	Foote Creek	CGN	100	Granted	30/01/2021	28.8
EPM 18616	Black Mountain	CGN	100	Renewal lodged	18/06/2018	57.6
EL 1115	Crater Mountain	Anomaly Ltd ¹	100	Renewal lodged	25/09/2018	41
EL 2203	Ubaigubi	Anomaly Ltd ¹	100	Renewal lodged	10/09/2017	88
EL 2249	Crater Mountain	Anomaly Ltd ¹	100	Renewal lodged	10/11/2017	10
EL 2318	South Crater	Anomaly Ltd ¹	100	Renewal lodged	10/09/2017	20
EL 2334	Crater Mountain	Anomaly Ltd ¹	100	Renewal lodged	21/05/2017	68
EL 2335	Crater Mountain	Anomaly Ltd ¹	100	Renewal lodged	22/05/2017	78
ML 510	Crater Mountain	Anomaly Ltd 1	100	Granted	4/11/2019	1.58

¹ Anomaly Limited is CGN's 100% owned PNG subsidiary.